T H E
WILLIAMSON ACT

1991-93 STATUS REPORT

Pete Wilson
Governor

Douglas P. Wheeler
Secretary for Resources
The Resources Agency

Michael F. Byrne
Director
Department of Conservation

STATE SUBVENTIONS

PURPOSE

The Open Space Subvention Act was passed in 1971 to offset the local cost of administering the Williamson Act and to replace a portion of the property tax revenue loss experienced by local governments participating in the Williamson Act Program. (See Appendix B for a full description of the Subvention Act).

LAND QUALIFYING FOR SUBVENTIONS

In 1990-91, 15,046,983 acres qualified for Open Space Subventions. In 1992-93 this total dropped by 1% to 14,813,842 acres.

The 1992-93 figure represents 93% of all land enrolled in Williamson Act contracts (Table A-3, Appendix A). The remaining 1,088,864 acres under contract in 1992-93 are lands not qualified for subvention payments. The law prevents state subvention payments for contracted lands that are: (1) in the process of contract nonrenewal; or, (2) valued less under Proposition 13 than under the Williamson Act (i.e., land which received no tax break under the Williamson Act during the year). The percentage of contracted land not qualifying for subventions has increased from 5% in 1990-91 to 7% in 1992-93. Most of this increase in ineligible acreage can be attributed to an increase in acreage valued lower under Proposition 13 than under the Act, a reflection of the depressed real estate market. Land valued less under Proposition 13 accounted for 37% of the total land which did not qualify for subvention entitlement payments this year (up from 28% in 1990-91); land in nonrenewal accounted for the balance.

Because land under the Williamson Act may occasionally be valued higher than equivalent non-contracted land the state Revenue and Taxation Code contains provisions to ensure that Williamson Act landowners are not penalized with higher taxes. The Code requires that land with an assessed value lower under Proposition 13 than under the Williamson Act be taxed based on the lower of the two values. (Williamson Act lands that qualify for this method of valuation do not result in tax revenue losses to counties, as is normally the case. Because of this these lands are not used in calculating state Subvention payments to counties and cities.) Generally parcels of land growing high income crops, and which have not changed ownership in many years, are more likely to have appraised Williamson Act land values that approach or exceed the unrestricted, factored base-year value. This is particularly true in areas of the State where there is no pressure for urban growth to drive up non contracted land values. Because of changes in the real estate market, crop values, productivity and interest rates, land eligibility for subvention payments may fluctuate from year to year.

STATE SUBVENTION PAYMENTS

It is estimated that local subvention payments will total approximately $35.0 million in Fiscal Year 1993-94. Of the total allocations, 73%, or $25.2 million, will reimburse counties and cities for the protection of prime agricultural land. The 154% increase in Subvention payments over the $13.8 million paid in 1992-93 is due to a statutory change in the payment formula. (See Section VII for further details on this legislative change.)

Open Space Subvention payments have steadily increased since the Subvention Act's inception in 1971, climbing with the number of acres enrolled. In 1972-73 the State paid $8.8 million in Open Space subventions compared with $13.8 million paid last year and $35.0 million in the current fiscal year. Acres under the Program receiving subventions in 1972-73 was 11.4 million acres.

Special Study

Williamson Act Nonrenewals in Yolo County: Geographical Patterns and Landowner Motivations

This excerpt was written by Alvin D. Sokolow, Public Policy Specialist, University of California -- Cooperative Extension, Davis and Ryan Bezerra, Student, Boalt Hall School of Law, University of California, Berkeley. It is part of a larger report prepared for the Department of Conservation. Copies of the full report may be obtained from the Department of Conservation or the University of California at (916) 752-0979.

What can we make of the striking increase in Williamson Act nonrenewals in the past few years? Some clues come from a just-completed study of nonrenewal filings in Yolo County. Covering a recent five-year period, 1986/87-1990/91, this report is based largely on phone interviews with a majority (54) of the 77 Yolo County landowners who filed nonrenewals during this period. It draws also from the records of the Yolo County Assessor's Office and the County's annual Williamson Act reports submitted to the Department of Conservation.

Summary

Among the findings from the Yolo research, are the following generalizations which may apply to nonrenewal patterns elsewhere in California:

- Landowners remove properties from the Williamson Act for varied reasons. While development intentions may be most common, other motivations are also involved--notably dissatisfaction with the program's restrictions and estate and home building needs.
- Development intentions on the part of nonrenewing landowners are often uncertain and unlikely to be realized, even at the conclusion of the nine-year phase-out period. For Yolo, this was indicated by landowners' indefinite plans, remote location from cities or other growth areas, and the likely continuation of county government policies that limit development in unincorporated areas.
- Although nonrenewal filings statewide and in Yolo dipped somewhat in the last reporting year (1991-92), after two years of record highs, the long term trend seems to involve a steady decline in Williamson Act acreage as nonrenewals and other contract terminations continue to exceed new enrollments.
- This research hints at a significant future threat to the Williamson Act and to California agriculture generally--increasing intergenerational differences among farmland owners in the desire to continue in the program and in farming. Newer landowners, many acquiring their farms through inheritance or by purchase for investment purposes, seem less supportive of the Williamson Act than members of the earlier generation who first enrolled the land. They are also less directly involved in managing the agricultural resource.

The Recent Trend

Recent nonrenewal filings in Yolo County parallel the statewide trend. Table 15 shows that annual filings for both the county and the state more than doubled after the mid 1980s, reaching record levels in FY 1990 and 1991. As proportions of total enrolled land (2.0% and 3.5%), Yolo's nonrenewals in fact exceeded in both years the proportions (less than 1%) for the entire state. Counting the 26,000 acres represented by filings in the two years, Yolo had

Table 15. Nonrenewal Trends, Yolo County and the State

	Yolo County		California	
Year	Acres Nonrenewed	% of Enrolled	Acres Nonrenewed	% of Enrolled
1981-82	1,912	.4%	57,468	.4%
1982-83	20	*	93,537	.5%
1983-84	154	*	52,451	.4%
1984-85	0	0	36,585	.2%
1985-86	1,000	.2%	43,632	.3%
1986-87	600	.1%	67,293	.4%
1987-88	2,445	.5%	97,330	.6%
1988-89	814	.2%	70,794	.5%
1989-90	9,263	2.0%	124,811	.8%
1990-91	16,921	3.5%	145,755	.9%
1991-92	8,442	1.7%	78,286**	.5%

*less than .1%
**does not include acreage within cities

Department of Conservation reports and records

Table 16. Nonrenewals, FY 1987-91, By Proximity to City Spheres of Influence

Proximity	Landowners	Acres[1]	% of Total	Avg. Acres/Landowner
Inside or within 1 Mile	25	5,569	18.8%	228
Within 1-2 Miles of Sphere	5	2,076	7.0%	415
Outside 2 Miles	45	21,984	74.2%	489
Totals	75	29,629	100.0%	395

[1]Does not include 349 nonrenewed acres for which proximity information is not available.

about 31,000 acres--6.4% of all land enrolled in the Williamson Act--undergoing the nine-year phase-out in 1990-91.

For the five-year period of this study, FY 87-91, nonrenewals were filed in the county for 30,000 acres. This represents more than three-quarters of all Williamson Act land nonrenewed in Yolo since the start of the program 25 years ago. The recent filings are characterized by:

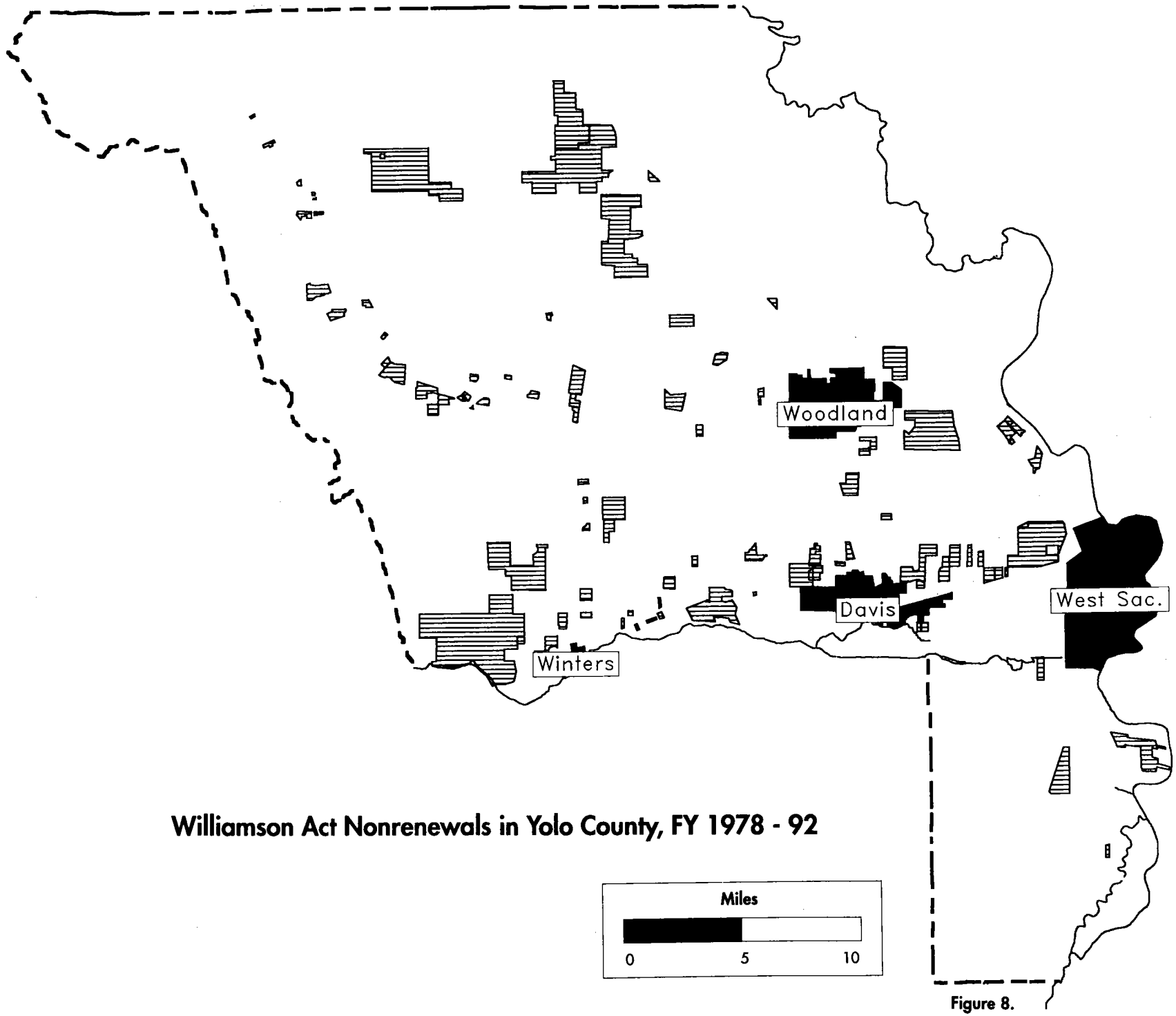
-- *Relatively large properties.* While enrolled land averages about 255 acres for each participating landowner in the county, the 77 nonrenewing landowners filed for an average of slightly less than 400 acres apiece.

-- *A few very large parcels.* Five landowners, with nonrenewed holdings of more than 1,000 acres apiece (the largest 6,516 acres), accounted for a little more than half of all the acreage.

-- *Mostly prime land.* 55% of the nonrenewed acreage is classified as prime farmland, and 45% is grazing or non-prime. Most of the prime is in the "urban" (within three miles of certain cities) prime category.

LOCATION

The map (figure 8) identifies (hatch lines) all land nonrenewed since FY 1978; about 90% of the identified acreage is included in the nonrenewals filed in the last six years, including



Williamson Act Nonrenewals in Yolo County, FY 1978 - 92

Figure 8.

the study period (FY 87-91) and the most recent reporting year (1991-92).

Recent nonrenewals are scattered throughout the county, including substantial acreage located some distance from Yolo's four cities (dark shading). A more precise measure of location, presented in Table 16, indicates that almost three-quarters of the acreage for which nonrenewals were filed in FY 1987-91 was located more than two miles away from existing city spheres of influence (the city boundary for West Sacramento, which does not yet have a separate sphere), and thus is not in the direct path of most of the county's urban development. The spheres are the LAFCO-designated boundaries of the cities' likely expansion areas.

Most of the remote acreage is located in the Dunnigan and West Yolo areas of the County. Largely on non-prime grazing land, the nonrenewals here are dominated by a few very large holdings--especially a 6,516-acre ownership in the Dunnigan region and a 3,356-acre holding in West Yolo. The unincorporated community of Dunnigan lies at the junction of Interstate 5 and 505 and is considered by County officials to be an appropriate location for future highway-oriented development.

Landowner Motivations

Why do individual landowners take their property out of the Williamson Act? Based on information for 64 landowners (mostly provided by landowners themselves in phone interviews, but also including some information supplied by others), we classified the reasons into the four categories listed in Table 17.

Development Intentions--Definite and Indefinite. Landowners representing just over half of all nonrenewed acres cited this as their principal reason for pulling out of the program. But "development" had varying degrees of certainty for different landowners. For only a fifth of the acres in this category, was it reasonably definite that conversion to nonagricultural uses would occur in the predictable future. The certitude expressed about the future development of some properties was supported by their proximity to city boundaries and ownership in some cases by development companies.

The distinction between "definite" and "indefinite" is partly a matter of judgement on our part, but the prospects for development at the conclusion of the phase-out period for a number of landowners who cited this reason seemed unlikely because of the remote locations of their properties. Still, most of the landowners whom we classified as "indefinite" clearly saw nonrenewal as a necessary step to making their properties more attractive to prospective purchasers in the development industry.

Limited Benefit. For landowners holding a little less than a quarter of the nonrenewed acreage, perceived contract restrictions were the major motivation. Possible development lurked in the background, but was not the reason emphasized. Contract restrictions outweighed whatever property tax benefits received. Intertwined with this perception were critical views of the value and administration of the

Table 17. Landowner Motivations for Nonrenewals, FY 1987–91

Motivations	Landowners	Acres	% of Total
Development Intentions–Definite	6	2,927	10.1%
Development Intentions–Indefinite	26	12,569	43.3%
Limited Benefit	14	6,960	24.0%
Estate Planning/Lot Splits	9	3,156	10.9%
Other	9	3,409	11.7%
Totals	**64**	**29,021**	**100.0%**

Williamson Act and a dislike of governmental regulations in general.

Estate Planning. A smaller number of landowners were motivated to non-renew by recent or anticipated changes in the ownership of contracted land. Either the settlement of an estate or a desire to divide property among family members was the central factor. Most of the landowners in this category expressed a strong interest in continuing their farm operations.

Other Motivations. This category included nonrenewal filings to permit nonagricultural land uses other than development and to correct past contract errors.

LANDOWNER CHARACTERISTICS

Slightly more than half of the landowners (28 of 53) for whom we have this information were not directly involved in the farming of their parcels, but leased the land to the actual operators. Similarly, a little more than half of the landowners (29 of 55) had residential or business addresses outside of Yolo County, primarily in Sacramento County and the Bay Area but also including addresses in other parts of the State. In fact, the two categories overlapped considerably; most of the out-of-county owners were also lessors.

Both lessors and out-of-county landowners were more likely than others to cite development intentions as the major reason for dropping their Williamson Act contracts. Reflected here were differences in the desire to remain in farming over the long term. The phone interviews revealed that owner-lessors and out-of-county owners generally had little interest in personally managing farm operations on their Yolo County parcels. On the other hand, landowners who cited estate and lot split reasons for nonrenewal were much more disposed to continuing their farm operations.

Administering the Williamson Act: Department of Conservation Activities and Significant Legislation During 1991 to 1993

This section of the Status Report summarizes the activities of the Department of Conservation during the past two years in administering the Williamson and Open Space Subvention Acts. In addition, information is presented on the involvement of the Department in other issues related to the purpose of the Williamson Act to protect the State's agricultural land resource. Finally, this section reports on significant legislation related to the Act or agricultural land conservation that was debated by the Legislature during the 1992 and 1993 Legislative Sessions.

The Williamson Act and Agricultural Land Conservation

Departmental Roles and Responsibilities

The Williamson Act and its companion Open Space Subvention Act place a number of responsibilities on the Department of Conservation. First and foremost, the Government Code gives the Department the primary responsibility for the statewide administration of the combined Program (Government Code Section 51206). The Department is empowered to "research, publish, and disseminate information regarding the policies, purposes, procedures, administration, and implementation" of the Act. Also the Department is authorized to "meet with and assist...agencies, organizations, landowners, or any other person or entity in the interpretation" of the Act.

The Department is directed to compile and report on statistics pertinent to the Williamson Act's status, particularly with regard to enrollment of new acres and termination of contracts. (This report represents the culmination of these annual activities.) The Department is also responsible for receiving required local notifications of changes in Williamson Act contract status (e.g., contract nonrenewal, cancellation or termination through eminent domain).

Under the Open Space Subvention Act the Department is given responsibility via the Secretary for Resources for administering local subvention application verification and payment authorization. Working in conjunction with the Resources Agency the Department may also raise Open Space Subvention Act enforcement issues for the Secretary's resolution or referral to the Attorney General.

The Agricultural Lands Task Force

The Department and the Resources Agency co-chair the Agricultural Lands Task Force. Representing a cross-section of groups from the agricultural, local government, environmental and development communities, the Task Force was formed initially to provide Governor Wilson with input on the agricultural land components of his growth management strategy.

Among the topics addressed by the Task Force in its 1993 report to the Governor on growth management was Williamson Act contract cancellations, a Williamson Act compatible use definition, and state agricultural land definitions.

The Task Force was split over the issue of greater state oversight of Williamson Act contract

cancellations. One contingent of the Task Force felt that the Secretary for Resources should have veto authority over local contract cancellations. Another favored maintaining local control of this aspect of the Williamson Act.

With regard to compatible uses of Williamson Act land the Task Force recommended that the Department of Conservation develop a handbook on compatible use that participating local jurisdictions could use in determining compatibility of particular uses with the Williamson Act's purposes. The Task Force delayed legislative change with regard to a compatible use definition, instead calling for the Department to gather additional information on local administration of compatible use under the Act. (See below for Departmental follow-up on these two recommendations.)

Finally, with regard to uniform state agricultural land definitions, the Task Force supported an objective, scientific basis for these definitions. The United States Department of Agriculture's Land Evaluation and Site Assessment model gained support from the Task Force as a potential tool to use in defining categories of farmland.

Compatible Use Of Williamson Act Land

In response to the Agricultural Task Force's request for more information on the local administration of Williamson Act compatible uses the Department conducted a statewide survey of counties, including the collection and analysis of local compatible use ordinances. The county survey found that 43% of the 47 Williamson Act counties had experienced difficulty in administering compatible use. One of the more frequently encountered problems was the treatment of intensive recreational uses of contracted lands, such as golf courses.

When asked if the administration of compatible use under the Williamson Act should be improved, 85% of the counties responded affirmatively. The most frequently cited improvements were (1) an improved definition of compatible use in the Act itself, and (2) a state handbook on compatible use.

The compilation of county compatible use ordinances found that, collectively, counties recognize 73 different kinds of compatible uses of Williamson Act contracted lands. The most outstanding attribute of this compilation is its diversity of uses listed, from agriculturally related uses, such as fruit dehydrating plants, slaughterhouses and produce processing plants, to potentially problematic uses, including commercial lodging, dude ranches, golf courses and off-highway vehicle and motor race facilities. The other interesting aspect of the list is how differently counties treat many of the same compatible uses. For example, ten counties allow veterinary hospitals without special permit, another sixteen allow them as a conditional use, and three strictly prohibit them.

This information is currently being used to develop consensus for a solution to the compatible use problem, as requested by Governor Wilson in his veto of Assembly Bill 724 in 1993. (For more information on AB 724 see the following subsection on legislation.)

Minimum Parcel Size and Subdivision of Williamson Act Land

Legislation added to the Act in 1985 specifies 10 and 40-acre minimum parcel sizes for prime and non-prime contracts. However, the subdivision of contracted lands into parcels above the minimum, but nevertheless of insufficient size for commercial agricultural use, continues as a point of concern. The issue was raised as a problem by the Department in the 1990-91 Status Report. During the past year further examples of the problem were brought to the attention of the Department, including the subdivision of prime contract land into 10-acre lots for rural residential uses, known commonly as ranchettes. Also, at least two counties allow parcel splits that create sub-minimum homesite parcels for immediate

members of the landowner's family. The land at issue would not be capable of supporting commercial agriculture on less than minimum size parcels.

The Department's recent compatible use survey of counties validated concern over the minimum parcel size issue. One question included on the compatible use survey asked respondents to list any other concerns that they had about administering the Williamson Act. The most frequently mentioned issues dealt with minimum parcel size and subdivision of contracted land. Many local administrators feel that the statutory 10 and 40-acre minimum parcel size standards are not large enough. The parceling of contracted land into smaller units that may not be capable of supporting agriculture was also listed by respondents as an issue that the State needs to address.

In the coming year, the Department will be gathering information on these issues with the goal of presenting policy options for their resolution in 1994.

Open Space Easements and Open Space Subventions

The Open Space Subvention Act authorizes the Secretary to pay subventions to local governments for land enforceably restricted by Williamson Act contracts. The qualification of other forms of enforceable restrictions has never been an issue. During the past year, however, the Department discovered that Los Angeles County was receiving Open Space Subventions for land restricted by Open Space Easements of the Open Space Easement Act of 1969. In dealing with the question of the eligibility of these lands for subventions the Department concluded that the Open Space Subvention Act's restriction against subvention payments to Open Space Easement lands leaves some room for the exercise of discretionary authority on the part of the Secretary for Resources. The Department is currently conducting research on the local use of other types of enforceable restrictions as well as the legislative history and intent with regard to the application of the Open Space Subvention Act to restricted use open space lands besides those of the Williamson Act. Recommendations will be provided to the Resources Agency in 1994.

Williamson Act Handbook

Soon after the Williamson Act became law an instructional handbook was prepared by the State for local administrators. This handbook is in need of updating. With the Agricultural Lands Task Force recommending that the Department prepare a handbook on compatible uses, the Department has begun to prepare a Williamson Act Handbook including thorough treatment of compatible use. The Handbook will include the Williamson Act's Government Code sections, as well as pertinent sections from state planning law, the Revenue and Tax Code, and the Subdivision Map Act.

Open Space Subvention Act Regulations

Like the Handbook the basic administrative regulations for the Open Space Subvention Act have not been updated in several years. During the coming year the Department will be updating and clarifying these regulations for approval by the State Office of Administrative Law.

Local Williamson Act Workshops

In early 1992 the Department conducted an all day workshop on the Williamson Act for local administrators and interest groups in the greater Sacramento area. The workshop presented an opportunity for information exchange between the Department and local administrators, as well as between county and city administrators. Two additional workshops have been conducted since then, one in Stockton, and another in Red Bluff. Given the continuing change in staff administering the Williamson Act locally the Department recognizes the need to continue to offer similar workshops statewide.

Enforcement of the Williamson Act

Over the years there have been a number of legal actions to enforce the provisions of the Williamson Act. To date the California Supreme Court case of *Sierra vs. Hayward* (23 Cal.3d 840 [1981]), which among other things addressed the misuse of Williamson Act contract cancellations, has been the most important court decision affecting the Act.

In the past two years, a number of other legal actions have been initiated over alleged violations of the Williamson Act. In two actions the compatible use of Williamson Act contracted lands is the primary issue. In three others improper termination of Williamson Act contracts was the cause for legal action. The Department of Conservation is involved in four of these cases.

The Attorney General has also rendered a small number of opinions over the years that have applied to the Williamson Act. In 1992, Senator Mike Thompson (St. Helena) requested the Attorney General's opinion about the subdivision of Williamson Act contracted land (Opinion Number 92-709). The questions were:

- When approving the subdivision of land subject to a Williamson Act contract, may a county require new contracts for each parcel of the subdivision; and

- May a county unilaterally impose new contract terms for the resulting parcels, including the waiver of a previous notice of nonrenewal filed for all of the property to be subdivided.

Attorney General Daniel Lundgren replied affirmatively to both questions by saying that:

- When approving the subdivision of land subject to a Williamson Act, a county may require, either pursuant to a term of the original contract or pursuant to a duly enacted subdivision ordinance, new contracts for each parcel of subdivision.

- A county may unilaterally impose new contract terms for the resulting parcels, including the waiver of a previous notice of nonrenewal filed for all of the property to be subdivided, either pursuant to a term of the original contract or pursuant to a duly enacted subdivision ordinance.

Copies of this and other Attorney General opinions, as well as pertinent court decisions on Williamson Act matters, are available from the Department of Conservation.

LEGISLATION

Two significant legislated changes to the Williamson Act occurred in past two years: (1) reform in the way Williamson Act is valued for taxation; and, (2) revision of the Open Space Subvention Act's entitlement formula.

Increasing State Financial Support of The Williamson Act

In the 1993 Legislative Session Senate Bill 683 (Chapter 65) was signed by Governor Wilson. For the first time since 1976 the formula for calculating state payments to cities and counties participating in the Williamson Act was changed. The net effect was a 150% increase in the State's share of the local financial burden of implementing the Williamson Act.

In 1971 when the Open Space Subvention Act passed, subventions were paid to cities and counties based on the number of acres enrolled in Williamson Act contracts and on the agricultural capability of those acres (see Appendix B for a description of the payment categories). Three dollars ($3) per acre were paid for "urban prime" land, $1.50/acre for "other prime" land, and $0.50/acre for "non prime" land. In 1976 the first legislative amendment to this formula took effect. Until this year subventions were paid using $8.00 and $5.00/acre for two categories of urban prime (based on the size of the city), $1.00/acre for other prime, and $0.40/acre for non prime.

Since 1985 participating counties have requested an update to the subvention formula to cover increasing costs of administering the Program, and for rising lost property tax revenue as a result of the Act's preferential tax treatment. Senate Bill 683 was passed in response to this long-standing county request. SB 683 was also justified as needed compensation to counties for the large property tax shift to schools that occurred in 1993.

Senate Bill 683 accomplishes two reforms. First, the urban prime category was eliminated from the formula. In recent years it has been recognized that while the urban prime category accounted for more than 40% of all Open Space Subventions paid to cities and counties it included only 5% of the lands under contract. In addition, it has been recognized that this categorical subvention differential was doing little to provide an effective incentive for the protection of prime agricultural lands along the urban fringe. A few dollars per acre more in subventions was not enough to compel cities and counties to take extra policy steps to keep these lands under contract in the face of huge local tax and landowner profit gains to be made upon development. It has also been argued that an incentive not to develop these urban lands was incongruous with one of the stated purposes of the Act, to "discourage discontiguous urban development patterns".

The second change accomplished by SB 683 was to increase the remaining subvention formula categories -- prime and non prime -- to $5.00/ acre and $1.00/acre, respectively, dramatically increasing the fiscal incentive for prime agricultural land enrollment.

As a result of the formula change all but one county experienced dramatic increases in their Open Space Subvention payments, the magnitude depending on the amount of urban prime and prime land under contract in each county. San Bernardino County saw its subvention payment drop due to the high proportion of its contracted land that previously qualified as urban prime, over 40%.

A Less Volatile Formula for Calculating Contracted Land Value

In the 1992 Legislative Session, Assembly Bill 2927 (Assemblyman Harvey; Chapter 247) was enacted. Like SB 683, AB 2927 also implemented long sought reform to the Williamson Act Program. Prior to 1993 lands under Williamson Act contracts were valued based on the application by assessors of a capitalization rate to the estimated income generated by the restricted land (see Appendix B). One factor in the denominator of the capitalization rate formula was the current interest rate for long term United States Government Bonds. This interest rate is highly volatile from year to year and can dramatically affect the assessed value of contracted property. Landowners complained that they were unable to plan for the upcoming year's taxes because of the volatility of the capitalization rate formula's interest component.

AB 2927 incorporates a five-year rolling average of the U.S. Government Bond interest rate. With this change the year-to-year fluctuation in calculated land values will lessen, reducing the burden of the unpredictability of future property tax bills on landowners.

Early Notification to the State of Contract Cancellations

Several minor bills were enacted in the past two years that affect the administration of the Williamson Act.

Assembly Bill 582 (Assemblyman Goldsmith; Chapter 89) was enacted in 1993 to require cities and counties to notify the Department of Conservation ten working days in advance of any hearing to consider the tentative cancellation of a Williamson Act contract.

Prior to AB 582 the Department often received notification of contract cancellations only a few days in advance of the local public hearings. Because the Department routinely reviews and

comments on proposed cancellation findings, it is critical that the Department has enough time to review the cancellation information and provide constructive comment for cities and counties to consider prior to the public hearings. The enactment of AB 582 ensures that adequate time for Departmental review and comment will be allowed.

Recording Contract Nonrenewals

Cities and counties are required to record on the title of affected properties when land comes under a Williamson Act contract. They are also required to record the cancellation of a contract. However, prior to 1992, no such requirement was made for the initiation of contract nonrenewal. AB 3445 (Assemblyman Bentley; Chapter 273) was enacted in the 1992 Legislative Session to require that cities and counties also record Williamson Act contract nonrenewals. This avoids the purchase of land under the assumption that the recorded Williamson Act contract is active only to find that the contract nonrenewal process had been completed and property tax savings lost.

A Change in the Williamson Act Annual Status Report Deadline

Prior to 1994 the Williamson Act Program's annual Status Report to the Legislature was due on March 1. With the enactment of Assembly Bill 371 (Assemblyman Haynes; Chapter 84), this reporting date was moved to May 1.

Currently, the Department is considering legislation which would also change the Status Report from an annual to a biennial report. Change in the acreage status of the Williamson Act from year-to-year has not been large. The Department believes that a biennial report will be sufficient to capture the significant changes to the Act's acreage status. The change will also coordinate the production of this report with the production of a related Departmental report, the biennial *Farmland Conversion Report.*

Related Agricultural Land Protection Legislation

During the 1993 Legislative Session the California Farm Bureau Federation successfully sponsored Senate Bill 850 (Senator McCorquodale; Chapter 812). This legislation requires the Department of Conservation to develop a California version of the US Department of Agriculture's Land Evaluation and Site Assessment (LESA) model for use in the California Environmental Quality Act (CEQA). Once developed the Resources Agency is required to amend the CEQA Guidelines to include the LESA model, or another optional methodology, for the determination of the significance of project environmental impacts on agricultural land.

Currently, CEQA Guidelines contain only one statement regarding the significance of a project's impact on farmland: "A project will normally have a significant effect on the environment if it will convert prime agricultural land to non-agricultural use...". Such an ill-defined threshold of significance leaves the issue largely to subjective and emotional arguments. LESA will offer a quantitative and objective decision-making tool that takes into consideration factors that physically and economically determine the value of agricultural land to society. The Department is currently working with the U.S. Department of Agriculture's Soil Conservation Service to implement the requirements of SB 850. Once the LESA model is adopted California will join over 200 other states and local governments across the nation who currently use a form of LESA for land use planning, environmental analysis and targeting conservation policies and funding.